



# **Merger Undertakings Annual Compliance Report**

**Presented to:  
Department of Managed Health Care**

**November 30, 2005**

## **Table of Contents**

|   | <u>Page</u> |
|---|-------------|
| <b>Executive Summary.....</b>                             | <b>3</b>    |
| <b>Compliance Overview.....</b>                           | <b>5</b>    |
| <b>Undertakings Status Report.....</b>                    | <b>6</b>    |
| Undertaking 1 .....                                       | 6           |
| Undertaking 2 .....                                       | 6           |
| Undertaking 3 .....                                       | 7           |
| Undertaking 4 .....                                       | 8           |
| Undertaking 5 .....                                       | 8           |
| Undertaking 6 .....                                       | 10          |
| Undertaking 7 .....                                       | 11          |
| Undertaking 8 .....                                       | 11          |
| Undertaking 9 .....                                       | 12          |
| Undertaking 10 .....                                      | 12          |
| Undertaking 11 .....                                      | 13          |
| Undertaking 12 .....                                      | 13          |
| Undertaking 13 .....                                      | 14          |
| Undertaking 14 .....                                      | 14          |
| Undertaking 15 .....                                      | 14          |
| Undertaking 16 .....                                      | 15          |
| Undertaking 17 .....                                      | 15          |
| Undertaking 18 .....                                      | 15          |
| Undertaking 19 .....                                      | 15          |
| Undertaking 20 .....                                      | 16          |
| Exhibit A .....   | 17          |
| <b>Appendix: Monthly Undertakings Status Report .....</b> | <b>19</b>   |

## **Executive Summary**

This Annual Compliance Report is in response to Undertaking 13 which reads:

“During the Merger Debt Period, Golden West shall file annually with the Department a report demonstrating compliance with each of the undertakings set forth herein and describing what it believes to be the benefits to Californians that have ensued from the Merger. Such reports are in addition to, and do not supersede, any other reports the Director may require pursuant to the Knox-Keene Act, including reports related to a financial examination or a medical survey conducted pursuant to sections 1382 and 1384 of the Knox-Keene Act.”

### **Demonstration of Undertakings Compliance**

Golden West Health Plan, Inc. (Golden West) has instituted a number of rigorous processes, procedures and oversight mechanisms in order to assure and demonstrate full compliance with the Undertakings. Further information regarding undertaking compliance is provided within the “Compliance Overview” section, and a report on the status of each undertaking begins on page 6.

### **Benefits to Californians Resulting from the Anthem – WellPoint Merger**

In July 2003, Golden West was purchased by WellPoint Health Networks and was set up to operate independently from the Blue Cross of California Knox-Keene license. In November 2004, the Department approved a change in the ultimate parent company of Golden West as a result of the Anthem – WellPoint merger.

The Anthem – WellPoint merger brought together two of the strongest health benefits companies in the nation -- companies that lead the industry in attracting and retaining new members and that had a mutually strong commitment to providing the highest quality of care at the most affordable cost to those members. WellPoint and Anthem ranked first and second in membership growth among major health benefits companies since 1996.

A key to success in past mergers, and one of the most important aspects of this merger, was the belief by both Anthem and WellPoint that a local approach is imperative to running each respective organization. To that end, the Golden West management team continues to be located here in California and is well positioned to identify and address the specific needs of our California customers.

While the corporate parent’s name changed from WellPoint Health Networks Inc. to WellPoint Inc., and the corporate parent’s headquarters moved from Thousand Oaks, California to Indianapolis, Indiana, our commitment in November 2004 was that the merger would not fundamentally change the local nature of Golden West’s operations. In fact, the merger has made Golden West even stronger in California because of the access to best practices and efficiencies available to Golden West as part of the new WellPoint organization.

Some important examples of what has not changed post-merger include:

1. Golden West’s networks of general dentists, optometrists and specialists and access of care through those networks;
2. Golden West’s product offerings, contracts, and service to members;

3. Golden West's local management and headquarters in California; and
4. Golden West's long-standing commitment to its members and the State of California.

Golden West also sends representation to health fairs throughout the State of California including low income and rural underserved areas of the state. The team includes individuals with dental office experience who provide dental education awareness pamphlets and explain the information contained in the pamphlet to the health fair attendees. The pamphlets include information on prevention, home care instruction and specialty dental care as well as answers to frequently asked questions.

In addition, the new WellPoint Inc. has continued a proud tradition of community involvement and significant contributions to improve the quality, availability and affordability of health care. WellPoint, Inc. contributes millions of dollars each year to this cause. To point out just a few such activities that are related to the merger:

**Donations:**

1. Community Clinics – a \$35 million donation by WellPoint to community clinics in California to augment the exhausted funding that had previously been provided by the Cedillo-Alarcon Community Clinic Investment Act of 2000.
2. Community Colleges – a \$15 million donation by WellPoint for a program to be conducted through the Foundation for California Community Colleges to support the training of new nurses in California.
3. "Insuring Healthy Futures" – a \$15 million donation by the WellPoint Foundation to increase Medi-Cal and Healthy Families enrollment in California.

**Investment in a Healthy California Program - 2% of Golden West's Investment Portfolio:**

The Investment in a Healthy California Program (IHCP) was established in 2005 to benefit low income and rural underserved Californians by increasing the level of capital in safe and sound investments aimed at strengthening access to health care resources. The IHCP infrastructure and guidelines have been developed, a twelve-member Advisory Committee has been selected, and the Program has been successfully launched. Prior to and since the inaugural Advisory Committee meeting held on September 16, 2005, Blue Cross, Golden West, and the IHCP Investment Advisors have been actively pursuing investments that qualify under the Program.

**Conclusion:**

WellPoint and Golden West are proud of our bold accomplishments in the areas of health care quality improvement and serving not only our members but our community and the State of California. We will continue to be dedicated to these important issues throughout the term of the undertakings and beyond.

The following compliance report demonstrates to the Department our serious commitment in fulfilling the agreements made in November 2004.

## **Compliance Overview**

Golden West has instituted a number of rigorous processes, procedures and oversight mechanisms in order to assure and demonstrate full compliance with the undertakings.

Each undertaking has been carefully reviewed from several perspectives:

1. A legal perspective – to assure accurate legal interpretations and decisions are made.
2. A responsibility perspective – to assure the proper management staff are named and accountable.
3. A compliance perspective – to assure the appropriate operating policies and procedures, as well as supporting documentation, are in place.
4. A validation perspective – to assure the necessary controls are in place to ensure accuracy and consistency of compliance.

Each undertaking is assigned at least two levels of responsibility consisting of individuals at the very top of the company's organizational structure:

1. The Officer-level individual(s) responsible within the Golden West organization, and
2. The WellPoint Executive Leadership Team (ELT) member who serves in an oversight capacity. The ELT members include the President and CEO of WellPoint Inc., and the Officers who report directly to him.

Status updates for each undertaking are reported by the applicable Responsible Officer(s) on a monthly basis, and each undertaking must have documentation in place in order to support compliance. Examples of such documentation are policies, procedures, work plans, schedules, reports, certifications, formal letters, and regulatory filings. Every supporting document is carefully reviewed, cataloged, and assigned a document control number for tracking and reference purposes. The Undertakings Status Report (see Appendix) is distributed to over sixty WellPoint management staff each month.

As an added step toward assuring compliance, a compliance validation has been completed by Golden West's Management and WellPoint's Internal Audit Department. This validation process will continue to be conducted throughout the merger debt period.

And finally, a back-end tracking system has been created and implemented to monitor the various regulatory filings required by the undertakings and to ensure those filings are prepared, approved, and filed with the Department on a timely basis.

To ensure accuracy and consistency, all of the above activities are coordinated and monitored in a central location under the leadership of WellPoint's Vice President and Deputy General Counsel.

## **Undertakings Status Report**

### **Undertaking 1:**

Golden West and Anthem undertake the following:

- (a) All of the change in control severance payments and retention bonus payments payable by reason of the Merger under the terms of the WellPoint Health Networks Inc. Officer Change in Control Plan and the other arrangements described in pages 69 through 72 of the Joint Proxy Statement/Prospectus of WellPoint and Anthem relating to the Merger dated May 11, 2004, (together, CIC Plan) will be the sole payment responsibility of Anthem;
- (b) Anthem will have on hand cash immediately prior to the closing of the Merger, which is adequate to discharge timely all obligations relating to the Merger which may arise under the CIC Plan;
- (c) No amounts relating, directly or indirectly, to the CIC Plan will be the obligation of Golden West;
- (d) No such amounts will be charged to or made the responsibility of Golden West, directly or indirectly, under any reimbursement or cost allocation arrangement;
- (e) Golden West shall not be responsible for any similar change in control or severance payments owed by Anthem by reason of the Merger to Anthem's officers, directors, and key management; and,
- (f) Anthem will have on hand cash immediately prior to the closing of the Merger that is adequate to timely discharge all such obligations of Anthem.

### **Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

### **Undertaking 2:**

Golden West will not declare or pay dividends, make other distributions of cash or property, or in any other way upstream any funds or property to Anthem or any of its affiliates (Affiliate Company Distributions), if such actions would do the following:

- (a) Cause Golden West to fail to maintain at all times the greater of the following:
  - (i) 150% of the minimum tangible net equity (which annualized amount shall be calculated by multiplying the applicable current quarter revenues and expenditures by four) required by Rule 1300.76 of the Knox-Keene Act in effect as of the date of this undertaking (as of December 31, 2003, 150% of minimum tangible net equity was \$522,216); or

- (ii) the minimum tangible net equity as may be required by section 1374.64 of the Knox-Keene Act; or
- (iii) 100% of minimum tangible net equity as may be required following any future amendment to Rule 1300.76 of the Knox-Keene Act, or any successor regulation; or
- (b) Result in insufficient working capital or insufficient cash flows necessary to provide for the retirement of existing or proposed indebtedness of Golden West, as required by Rule 1300.75.1(a) of the Knox-Keene Act; or
- (c) Adversely affect the ability of Golden West to provide or arrange health care services in accordance with the requirements of the Knox-Keene Act or the regulations adopted under the Knox-Keene Act.

For purposes of this undertaking, references in section 1374.64 of the Knox-Keene Act to subdivisions (a)(1), (a)(2), and (a)(3) of Rule 1300.87 of the Knox-Keene Act shall be construed as references to subdivisions (b)(1), (b)(2), and (b)(3) of Rule 1300.87 of the Knox-Keene Act.

Additionally, with respect to Affiliate Company Distributions made in calendar years 2004, 2005 and 2006, Golden West will not make any Affiliate Company Distributions in any such calendar year if they exceed 79% of Golden West's operating income for the year prior to the calendar year of the Affiliate Company Distribution.

For purposes of this Undertaking 2, "Affiliate Company Distributions" shall not be deemed to refer to payments made under the terms of any administrative services agreement or tax sharing agreement which has been filed with and received prior approval from the Department.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

**Undertaking 3:**

Golden West will not make any Affiliate Company Distributions if such actions would result in Golden West failing to maintain Liquid Assets (as defined) in an amount that equals or exceeds 150% of Golden West's average monthly Total Expenses (as defined) for the last two consecutive quarters for which financial statements have been filed with the Department immediately prior to the date on which Golden West makes the Affiliate Company Distribution.

For purposes of this undertaking, the following definitions apply:

- (a) "Liquid Assets" shall equal the total of cash and cash equivalents (as reported on line 1 of Report #1 – Part A: Assets, as set forth in the Quarterly Financial Report filed with the Department by Golden West), short-term investments (as reported on line 2 of Report # 1) and restricted assets (as reported on line 12 of Report # 1); and
- (b) "Total Expenses" shall be equal to the amounts reported on line 33 of Report # 2: Revenue, Expenses, and Net Worth, as set forth in the Quarterly Financial Report filed with the Department by Golden West. 150% of Golden West's average monthly Total

Expenses (as defined), based on the two most recent Quarterly Financial Reports filed by Golden West with the Department (for the quarter ended December 31, 2003 and for the quarter ended March 31, 2004) was \$2,986,380. In each Quarterly Financial Report filed with the Department, Golden West shall include a calculation showing the total Liquid Assets on hand at the end of the calendar quarter covered by such Quarterly Financial Report and 150% of the average monthly Total Expenses incurred during the calendar quarter covered by such Quarterly Financial Report and the immediately preceding calendar quarter.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

**Undertaking 4:**

Golden West will not take any of the following actions without the Department's prior written approval:

- (a) Co-sign or guarantee any portion of any current or future loans and/or credit facilities entered into by Anthem or any of Anthem's affiliates;
- (b) Permit any portion of loans obtained by Anthem or any of its affiliates to be assumed by Golden West;
- (c) Allow a pledge or hypothecation of Golden West's assets or capital stock in any way in connection with any current or future loans of Anthem or any of its affiliates; or
- (d) Borrow any funds or otherwise incur any indebtedness for the purpose of making any Affiliate Company Distribution, except any Affiliate Company Distribution that is made in compliance with Undertaking 2 above, or a payment made pursuant to any written agreement between or among Golden West or its affiliates.

Anthem's affiliates include but are not limited to AHC.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

**Undertaking 5:**

Golden West, Anthem, and AHC undertake that premiums payable by Golden West subscribers and enrollees will not increase as a result of the Merger, and Anthem and AHC will provide a written commitment, addressed to the Director of the Department and executed by Anthem's and AHC's Chief Executive Officers, expressly to that effect. In order to demonstrate and assure compliance with this undertaking and commitment, which will remain in effect during the Merger Debt Period (as defined below), Golden West, Anthem and AHC will provide annual written certifications to the Department on the anniversary date of the Merger that:



(1) Golden West's practices and methodologies for determining premium rates after the Merger have not varied from Golden West's pre-Merger practices and methodologies;

**Response:**

**WellPoint and Golden West certify that Golden West's practices and methodologies for determining premium rates have not varied from Golden West's pre-Merger practices and methodologies. The process of calculating trends, commissions, administrative loads and profit loads is consistent with pre-Merger practice. As such, Golden West's method of determining premiums rates has not changed.**

(2) No debt rating factor relating to the indebtedness that Anthem has incurred to finance Anthem's cash requirements for the Merger has been included as part of such post-Merger practices and methodologies;

**Response:**

**WellPoint and Golden West certify that no debt-rating factor relating to the indebtedness that Anthem has incurred to finance Anthem's cash requirements for the Merger has been included in post-Merger practices and methodologies.**

(3) Golden West's practices and methodologies for determining products and benefit designs after the Merger have not varied from Golden West's pre-Merger practices and methodologies;

**Response:**

**WellPoint and Golden West certify that Golden West's practices and methodologies for determining products and benefit designs did not change after the Merger.**

(4) Anthem has paid all executive change in control severance payments and retention bonus payments made during the period of the certification by reason of the Merger as provided in Undertaking 1 above and, as represented in the Notice of Material Modification, the transaction expenses of the Merger have not been borne by Golden West;

**Response:**

**WellPoint and Golden West certify that Anthem paid all executive change in control severance payments and retention bonus payments and the transaction expenses of the Merger have not been borne by Golden West.**

(5) Anthem had cash on hand immediately prior to the closing of the Merger that was adequate to discharge all obligations relating to the Merger and payable to officers and directors of Anthem and WellPoint, as required by Undertaking 1.

**Response:**

**WellPoint and Golden West certify that Anthem had cash on hand immediately prior to the closing of the Merger that was adequate to discharge all obligations relating to the Merger and payable to officers and directors of Anthem and WellPoint, as required by Undertaking 1.**

(6) Golden West's dividends have not exceeded the limitations in Undertakings 2 and 3; and;

**Response:**

**WellPoint and Golden West certify that Golden West's dividends have not exceeded the limitations in Undertakings 2 and 3.**

(7) Golden West has filed with the Department each year an actuarial memorandum that certifies that no portion of the cost components of any premium rate charged for any individual or small group product offered in California by Golden West includes a charge related to the financing of the Merger. Golden West shall also certify annually to the Department (1) that no portion of the cost components of any rate or fee charged for any large group product offered in California by Golden West includes a charge related to the financing of the Merger and (2) that no portions of the copayments, deductibles or similar features of any Golden West products includes a charge related to the financing of the Merger and (3) in the event there were reductions in the level of reimbursement of Golden West health care providers, as defined in Health and Safety Code Section 1345(i), such reductions were not attributable to the payments described in (6) above.

**Response:**

**WellPoint and Golden West certify that no portion of the cost components of any premium rate charged for any individual or small group product offered in California by Golden West includes a charge related to the financing of the Merger.**

**WellPoint and Golden West also certify that 1) no portion of the cost components of any rate or fee charged for any large group product offered in California by Golden West includes a charge related to the financing of the Merger, and 2) no portions of the copayments, deductibles or similar features of any Golden West products includes a charge related to the financing of the Merger, and 3) there were no reductions in the level of reimbursement of Golden West health care providers attributable to the payments described in (4) above as these payments were made by Anthem.**

---

**Undertaking 6:**

Golden West shall renew, and shall not terminate, any group or individual health care service plan contract prior to the expiration of its term, except as otherwise expressly permitted under the Knox-Keene Act, including sections 1357.11, 1357.53, 1357.54, 1358.8, 1358.17, 1365, 1366.27, 1373.6 and 1399.810 and Rules 1300.65 and 1300.67.4 of the Knox-Keene Act.

In addition, for a period of three (3) years following the effective date of the Merger, should Golden West withdraw a health benefit plan from the market or cease to provide or arrange for the provision of health care services for new individual, small group, or large group health benefit plans in the State, if an enrollee then enrolled in an affected health benefit plan has a pre-existing condition and still has time remaining before she/he may receive treatment/therapy for that condition, Golden West will waive the remaining time requirements for the pre-existing condition exclusion if the enrollee enrolls in another Golden West health benefit plan or a California affiliate of Golden West within the time requirements for eligibility for that Golden West health benefit plan, as provided in the Knox-Keene Act, or as otherwise offered by Golden West, if Golden West decides to offer a longer period for eligibility.

Should Golden West cease to provide or arrange for the provision of health care services for individual, small group, or large group health benefit plans in this state, any affected health benefit plan shall remain in effect and shall not be cancelled or not renewed by Golden West (except as expressly permitted under the Knox-Keene Act), until the first renewal date for that health benefit plan that occurs on or after the expiration of the 180 days notice required under the Knox-Keene Act or any such additional time as the applicable subscriber contract may specify.

If Golden West ceases to write, issue, or administer new group or individual health benefit plans in California, affected former subscribers of Golden West will be provided the opportunity to elect continued coverage under the most nearly comparable health benefit plan (benefits, services, and terms) from BCC, BC Life or other California insurers affiliated with BC Life, with no underwriting as to the new health benefit plan for any health status related factors.

This Undertaking shall apply to other health care service plans doing business in California which are affiliates of Golden West with regard to actions taken by such affiliated health care service plans in California.

**Response:**

**Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

**Undertaking 7:**

An important premise of the approval of the Merger is that after the effective date of an Order of Approval for the change of control of Golden West arising from the Merger, Golden West will continue its historic role in serving the California marketplace, and its same marketplace approach.

Accordingly, after the effective date of an Order of Approval for the change of control of Golden West arising from the Merger, and provided that the Merger is consummated, Golden West will maintain its efforts in offering and renewing individual and small group products on the same basis as prior to the effective date of an Order of Approval for the change of control of Golden West arising from the Merger, assuming the same market, economic, and other conditions that currently exist.

Golden West advises the Department that the conditions it considers relevant under this Undertaking 7 include, but are not limited to: the reimbursement and compensation Golden West receives; the scope and nature of services it must provide; the nature and adequacy of its provider network in any relevant service area; the structure, composition, and reimbursement payable to the health care providers supporting Golden West's provision of products and services; and the substantive impact to the competitive environment resulting from changes to the legislative and regulatory framework applicable to its operations or individual or small group products.

**Response:**

**Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.**

---

**Undertaking 8:**

After the Merger, Golden West will maintain its organizational and administrative capacity, and unless the Department otherwise grants prior approval in writing, Golden West will maintain the following non-exclusive list of functions in California:

- (a) Clinical decision-making and California dental and vision policy development, including: a Chief Dental Officer, Chief Vision Officer and other persons responsible for and having discretion with respect to health plan dental and vision matters under the Knox-Keene Act; and the clinical personnel responsible for California dental and vision decision-making and California dental and vision policy.
- (b) Golden West's prior authorization and referral system;
- (c) Golden West's enrollee grievance system (including any appeal system);

- (d) Golden West's Independent Medical Review process (including the review process for experimental treatment);
- (e) Golden West's Provider Dispute Resolution Mechanism process; and,
- (f) Golden West's accounting and finance personnel and activities performed by such personnel.

These aforementioned functions shall be conducted in conformity with California standards, including timeframes, as required by the Knox-Keene Act. Golden West confirms to the Department that it intends to utilize the current leased premises in Camarillo, California, to occupy and serve as Golden West's headquarters and to perform Golden West health plan operations (recognizing that those operations are also performed at other California locations) and carry out other related activities.

**Response:**

**Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.**

**Golden West has continued to maintain its organizational and administrative capacity as defined above. An Independent Medical Review process is not required for standalone specialty plans.**

---

**Undertaking 9:**

Golden West agrees that it shall not remove, require the removal, permit, or cause the removal of Golden West's books and records, as defined in the Knox-Keene Act, from California before filing a Notice of Material Modification and receiving the written approval from the Department in accordance with the Knox-Keene Act. Further, Golden West agrees, that notwithstanding any failure or omission on its part, or that of an affiliate, to maintain Golden West records in California, Golden West agrees that it shall return to California, as may be required by the Department, within the timeframe specified by the Department, any such Golden West books and records that have been removed from California without the Department's express, written permission.

**Response:**

**Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.**

**Golden West has continued to maintain its books and records in California as defined above.**

---

**Undertaking 10:**

After the effective date of any Order of Approval for the Merger, and provided the Merger is consummated, if the reimbursement rates or methods for reimbursement under its administrative services agreement(s) with WellPoint, Anthem or any of their affiliates are changed, or if Golden West decides to amend, change, or terminate or replace its administrative services agreement(s) with WellPoint, Anthem, or any of their affiliates, Golden West will file the changes with the Department in a Notice of Material Modification in accordance with the requirements of the Knox-Keene Act, and not implement such changes until after the Department has issued an Order of Approval for such changes.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

**No amendments to the administrative agreements have been required or filed with the Department to date.**

---

**Undertaking 11:**

After the effective date of any Order of Approval for the Merger, and provided the Merger is consummated, if Golden West decides to amend, change, terminate or replace its tax sharing agreements, Golden West will file any changes to those tax sharing agreements with the Department in a Notice of Material Modification in accordance with the requirements of the Knox-Keene Act, and not implement such changes until after the Department has issued an Order of Approval for such changes.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking. Appropriate operating policies and procedures are in place.**

**No amendments to the tax sharing agreements have been required or filed with the Department to date.**

---

**Undertaking 12:**

Golden West undertakes to participate in the Investment in a Healthy California Program, as described in Exhibit A attached hereto and incorporated herein by reference.

**Response:**

**Golden West confirms its compliance with this undertaking (Exhibit A).**

**Blue Cross and Golden West have established the Investment in a Healthy California Program (IHCP). The Program description, governing documents and operating procedures have all been developed in collaboration with the various state regulatory agencies utilizing several in-person meetings as well as meetings via phone or e-mail.**

**A twelve-person Advisory Committee was established to provide strategic direction and oversight to the IHCP. Nominations were solicited from various agencies and consortia representing approximately 361 foundations, clinics and hospitals. Fifteen nominations were received, from which twelve were selected to serve as Advisory Committee members.**

**The selected members represent a proportionate balance between type of entity (clinics, hospitals, foundations/other), target population served (low-income and/or rural), and geographical area represented (Northern, Central and Southern California). The Department of Managed Health Care and the California Department of Insurance approved the composition of this Committee, and a number of state regulatory agencies participate in the IHCP and attend Advisory Committee meetings without having a voting status.**

McDonnell Investment Management, LLC was selected to serve as the IHCP's investment advisor. This firm provides significant experience and research expertise that is crucial to the success of the Program.

The inaugural meeting of the Advisory Committee was held on September 16, 2005. This meeting served as the official launch date of the IHCP and all corresponding guidelines, policies and procedures. Due to the length of time required to thoughtfully establish such a complex and important program, Blue Cross and Golden West determined that the 20-year life of the IHCP would begin on the date of the first meeting of the Advisory Committee rather than the date of the approval of the merger, thus ensuring that low-income and rural underserved Californians received the benefits of the Program for the full 20-year term outlined in Exhibit A.

Prior to and since the inaugural meeting held in September, Blue Cross, Golden West and the IHCP Investment Advisors have been actively pursuing investments that qualify under the Program.

---

**Undertaking 13:**

During the Merger Debt Period, Golden West shall file annually with the Department a report demonstrating compliance with each of the undertakings set forth herein and describing what it believes to be the benefits to Californians that have ensued from the Merger. Such reports are in addition to, and do not supersede, any other reports the Director may require pursuant to the Knox-Keene Act, including reports related to a financial examination or a medical survey conducted pursuant to sections 1382 and 1384 of the Knox-Keene Act.

**Response:**

Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.

---

**Undertaking 14:**

Golden West undertakes to promptly pay for the costs arising from activities of the Department, including any necessary out-of-state travel, verifying and auditing compliance by Golden West with each of the undertakings set forth herein. Such activity will be conducted, at the Department's discretion, in addition to any of the surveys, audits, examinations, or inquiries required or permissible under the Knox-Keene Act.

**Response:**

Golden West confirms its compliance with this undertaking. Appropriate operating policies and procedures are in place.

---

**Undertaking 15:**

The undertakings set forth herein shall be enforceable to the fullest extent of the authority and power of the Director of the Department under the provisions of the Knox-Keene Act including all civil, criminal and administrative remedies (such as Cease and Desist orders, freezing enrollment, and assessment of fines and penalties). The enforcement remedies enumerated in this Undertaking 15 are not exclusive and may

be sought and employed in any combination deemed advisable by the Director of the Department to enforce these undertakings.

**WellPoint and Golden West confirm acknowledgement of this undertaking.**

---

**Undertaking 16:**

Golden West acknowledges and recognizes the concerns expressed by members of the public in the course of the Department's consideration of this Notice of Material Modification and acknowledges the grounds for disciplinary action by the Director of the Department set forth in section 1386 of the Knox-Keene Act, specifically sections 1386(b)(7) and (9) of the Knox-Keene Act, in the event that inappropriate actions or conduct by Golden West were to occur.

**Response:**

**Golden West confirms its acknowledgement of this undertaking.**

---

**Undertaking 17:**

Golden West and Anthem undertake to promptly provide the Department with copies of the written agreements of the executive officers of WellPoint and Golden West referred to in correspondence to the Department dated July 23, 2004, and which correspondence shall be deemed to be incorporated herein.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking.**

**Copies of the written agreements were filed with the Department in July 2003 and refiled on February 11, 2005.**

---

**Undertaking 18:**

If specifically requested to do so by the Department, Golden West undertakes to provide the Department reports regarding Golden West's incurred-but-not-reported claim liabilities on the same basis as such reports are described in BCC's undertakings to the Department dated November 23, 2004.

**Golden West confirms its acknowledgement of this undertaking.**

---

**Undertaking 19:**

The undertakings set forth herein shall be subject to the following terms and conditions:

- (a) **Binding Effect.** The undertakings set forth herein shall be binding on Anthem, AHC, and Golden West and their respective successors and permitted assigns. If Anthem, AHC, or Golden West fail to fulfill their obligations to the Department as provided under the undertakings set forth herein, Anthem, AHC, and Golden West stipulate and agree that the Department shall have the authority to enforce the provisions of these undertakings in a California court of competent jurisdiction.

- (b) **Governing Law.** The undertakings set forth herein and their validity, enforcement, and interpretation, shall for all purposes be governed by and construed in accordance with the laws of the State of California.
- (c) **Invalidity.** In the event any undertakings or any portion of any undertaking set forth herein shall be declared invalid or unenforceable for any reason by a court of competent jurisdiction, such undertaking or any portion of any undertaking, to the extent declared invalid or unenforceable, shall not affect the validity or enforceability of any other undertakings, and such other undertakings shall remain in full force and effect and shall be enforceable to the maximum extent permitted by applicable law.
- (d) **Duration.** The undertakings set forth herein shall become effective upon the effective date of the Merger, and except as to those provisions of the undertakings that contain separate termination provisions, shall remain in full force and effect until terminated by Anthem, AHC, and Golden West with the written consent of the Department.
- (e) **Third Party Rights.** Nothing in the undertakings set forth herein is intended to provide any person other than Anthem, AHC, Golden West, WellPoint, the Department, and their respective successors and permitted assigns with any legal or equitable right or remedy with respect to any provision of any undertaking set forth herein.
- (f) **Amendment.** The undertakings set forth herein may be amended only by written agreement signed by Anthem, AHC, and Golden West and approved or consented to in writing by the Department.
- (g) **Assignment.** No undertaking set forth herein may be assigned by Anthem, AHC, or Golden West in whole or part without the prior written consent of the Department.
- (h) **Specific Performance.** In the event of any breach of these undertakings, Anthem, AHC, and Golden West acknowledge that the State of California would be irreparably harmed and could not be made whole by monetary damages. It is accordingly agreed that Anthem, AHC, and Golden West will waive the defense in any action for specific performance that a remedy at law would be adequate, and the Department should be entitled to seek an injunction or injunctions to prevent breaches of the provisions of these undertakings and to seek to enforce specifically the terms and provisions hereof. The Department's right to seek an injunction does not supersede the remedies available to the Director described in Undertaking 15.

**Response:**

**WellPoint and Golden West confirm acknowledgement of this undertaking.**

---

**Undertaking 20:**

In addition to the undertakings executed above, Golden West reasserts and reaffirms each and every undertaking in existence prior to the execution of this document, and agrees to abide by and conform to each and every prohibition and condition, unless specifically superseded by the undertakings executed below.

**Response:**

**WellPoint and Golden West confirm compliance with this undertaking.**



## **Exhibit A (Undertaking 12)**

### **INVESTMENT IN A HEALTHY CALIFORNIA PROGRAM (IHCP Program)**

#### **Executive Summary**

Blue Cross of California (BCC) agrees to commit \$100 million or 2% of BCC's total investment portfolio in funding for a new investment program (the IHCP Program) to increase the level of capital in safe and sound investments providing fair returns to investors and social benefits to underserved communities. Modeled after a successful collaboration between the health/insurance industry, community development organizations, community advocates, and State regulators, this 20-year commitment by BCC, effective upon completion of the WellPoint/Anthem merger, is expected to strengthen access to health care resources to low-income urban and rural underserved Californians.

#### **IHCP Program Investments**

The IHCP Program will provide a means to identify and foster investment opportunities that currently are underinvested in by traditional sources of investment capital. Investments under the IHCP Program (IHCP Investments) will increase capital and funding to low-income urban and rural underserved California communities, to address health care infrastructure that makes health care resources more accessible and improves the quality of care.

The IHCP will, in addition to the substantial direct investments by BCC, provide leadership in increasing the level of health plan capital in safe and sound investments that provide fair returns to investors and social benefits to underserved communities. A critical requirement is that IHCP Investments generate a competitive rate of return and that the safety and preservation of capital invested is maintained for the benefit of health plan members. Accordingly, IHCP Investments must be consistent with applicable legal requirements and prudent investment practices for Knox-Keene health care service plans, including the following:

1. IHCP Investments must, at the time of investment, be rated as "investment grade" by two or more nationally recognized rating agencies (unless exempted by action of BCC, in consultation with the advisory committee described below and the Department of Managed Health Care (DMHC)).
2. IHCP Investments must be fully qualified assets for purposes of BCC's financial statements.
3. In order to assure appropriate diversification, no more than \$10 million of IHCP Investments may be securities of or investments in a single issuer (unless the issuer is, or the security or investment is guaranteed by, an instrumentality of the United States or California state governments), and no more than \$5 million of IHCP Investments may be in a single security or investment vehicle (unless the issuer is, or the security or investment vehicle is guaranteed by, an instrumentality of the United States or California state governments).

#### **Target Amount of IHCP Investments**

Following the CalPERS model of setting a goal of 2% of its investment portfolio for investments in California's underserved communities, BCC will, subject to the availability of qualified IHCP Investments, make IHCP Investments which in the aggregate equal two percent of the value of the investment portfolio of BCC, as shown on its annual financial statements filed with the DMHC. The initial commitment by BCC

is \$100 million, which is expected to be phased in as IHCP Investments are identified. The commitment to make such investments will expire after 20 years.

Based on an average maturity of an investment equal to five to six years, and given that BCC is expected to grow over time, BCC anticipates that several hundred million dollars of IHCP Investments will be made over the 20-year life of the program.

#### **Implementation and Timetable**

Appropriate IHCP Investments will be identified by an advisory committee comprised of representatives or designees of (1) clinics and other health care providers that serve low income or uninsured urban Californians, (2) clinics and other health care providers that serve low income or uninsured rural Californians, (3) if eligible, the California Department of Health Services and the Managed Risk Medical Insurance Board, and (4) charitable entities that support such clinics and other providers, who will be assisted by qualified and experienced independent investment advisors. The members of the advisory committee would be designated from time to time by BCC, in consultation with the DMHC. The independent investment advisors would be firms retained and compensated by BCC and acceptable to the DMHC.

DMHC anticipates being in a position to consider specific IHCP Investments beginning by the first quarter of 2005, and it expects to phase in IHCP Investments as they are identified with the goal of having the initial \$100 million commitment fully invested by the end of the third year of the IHCP. In furtherance of those objectives, promptly following the merger of WellPoint and Anthem, the IHCP advisory committee would be established and, in consultation with the independent investment advisors, formulate a plan for carrying out its responsibilities, develop appropriate application procedures, guidelines and policies for the program, and establish a more detailed timetable for the IHCP. BCC will work in cooperation with the DMHC to schedule an organizational meeting to be held within 60 days after the closing of the merger, for the purpose of arranging the administrative details to establish the IHCP advisory committee, identify independent investment advisors, and otherwise take actions and adopt policies, procedures and guidelines to implement the IHCP.

BCC will provide regular reports to the IHCP Program advisory committee and, in connection with each annual financial statement filed with the DMHC, will provide the DMHC with reports on progress made toward investing in IHCP Investments.

In the event that the DMHC determines to establish a program like the IHCP in which all California health plans and health insurers could participate, BCC will cooperate in establishing the new program and in conforming the IHCP to, and participating in, the newly established industry-wide program.

Golden West is an active participant with the Advisory Committee and has committed a pro rata portion of the funding.

## **Appendix**

### **Monthly Undertakings Status Report**

**DMHC Undertakings - Golden West**  
**Monthly Status Report**  
**November 2005**

| U/T # | Brief Description | Responsible Officer | ELT Member | Status        | Verification of Compliance |                    |                     |     |                 | Description                        | Doc Control #            |
|-------|-------------------|---------------------|------------|---------------|----------------------------|--------------------|---------------------|-----|-----------------|------------------------------------|--------------------------|
|       |                   |                     |            |               | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided |                                    |                          |
| 1     | a                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
|       | b                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
|       | c                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
|       | d                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
|       | e                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
|       | f                 |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                 | G40                      |
| 2     |                   |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |
|       | a                 |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |
|       | a(i)              |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |
|       | a(ii)             |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |
|       | a(iii)            |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |
|       | b                 |                     |            | In Compliance | X                          |                    |                     |     |                 | * Schedule<br>* Policy & Procedure | G15<br>G48<br>G57<br>G59 |

| U/T # | Brief Description | Responsible Officer | ELT Member | Status | Verification of Compliance |                    |                     |     |                 |  | Doc Control # |
|-------|-------------------|---------------------|------------|--------|----------------------------|--------------------|---------------------|-----|-----------------|--|---------------|
|       |                   |                     |            |        | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided |  |               |

|     |  |  |  | In Compliance | X | X | * Schedule<br>* Policy & Procedure |
|-----|--|--|--|---------------|---|---|------------------------------------|
| G15 |  |  |  |               |   |   |                                    |
| G48 |  |  |  |               |   |   |                                    |
| G57 |  |  |  |               |   |   |                                    |
| G59 |  |  |  |               |   |   |                                    |

CONFIDENTIAL Page 2

**DMHC Undertakings - Golden West**  
**Monthly Status Report**  
**November 2005**

| U/T # | Brief Description  | Responsible Officer | ELT Member | Status        | Verification of Compliance |                    |                     |     |                 | Description                                 | Doc Control # |
|-------|--|---------------------|------------|---------------|----------------------------|--------------------|---------------------|-----|-----------------|---|---------------|
|       |  |                     |            |               | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided |   |               |
| 5     | GW and Anthem will not increase premiums as a result of the merger.  |                     |            |               |                            |                    |                     |     |                 |   |               |
|       | An initial written commitment will be prepared by Anthem. Thereafter, a written certification will be required that demonstrates:  |                     |            |               |                            |                    |                     |     |                 |   |               |
|       | GW's methodologies for determining premium rates did not change post-merger.   |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | No debt rating factor to finance the merger was included in post-merger practices.   |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | GW's methodologies for determining product and benefit design did not change post-merger.  |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | Anthem (not BCC) paid change-in-control severances and retention bonuses and transaction expenses of merger have been borne by Anthem.   |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | Anthem had cash-on-hand to pay all merger obligations.   |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
| 6     | GW's dividends did not exceed the limitations of Undertakings #2 and #3.   |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | GW filed with the DMHC an actuarial memo certifying that no portion of any premium rate charged for a GW product included charges related to the financing of the merger, and that no reductions in provider reimbursement levels were attributable to merger costs. |                     |            | In Compliance |                            |                    | X                   |     |                 | 11/30/05 Annual Certification Statement     | G77           |
|       | GW will renew (and not terminate) any group or individual contract prior to the expiration of its term, except as otherwise expressly permitted under the Knox-Keene Act.  |                     |            | In Compliance | X                          |                    |                     |     |                 | * Disclosure form<br>* Evidence of Coverage | G22           |
|       | For 3 years, if GW withdraws a plan from the market or ceases to provide coverage, and an enrollee has a pre-existing condition, GW will waive the time requirements for the pre-existing exclusion if enrolled in another GW plan.                                  |                     |            | In Compliance | X                          |                    |                     |     |                 | * Disclosure form<br>* Evidence of Coverage | G22           |
|       | If GW ceases to provide services for any plan, that plan will remain in effect until the first renewal date that occurs on or after the expiration of the 180-day notice.  |                     |            | In Compliance | X                          |                    |                     |     |                 | * Disclosure form<br>* Evidence of Coverage | G22           |
|       | If GW ceases to provide new plans, affected former subscribers will be given the opportunity to elect continued coverage under the most comparable plan from BC Life with no underwriting for health status factors.   |                     |            | In Compliance | X                          |                    |                     |     |                 | * Disclosure form<br>* Evidence of Coverage | G22           |
|       |  |                     |            |               |                            |                    |                     |     |                 |   |               |

**DMHC Undertakings - Golden West**  
**Monthly Status Report**  
**November 2005**

| UT # | Brief Description | Responsible Officer | ELT Member | Status | Verification of Compliance |                    |                     |     |                 | Description | Doc Control # |
|------|-------------------|---------------------|------------|--------|----------------------------|--------------------|---------------------|-----|-----------------|-------------|---------------|
|      |                   |                     |            |        | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided |             |               |

|   |   |  |  |               |   |  |  |  |  |                    |     |
|---|---|--|--|---------------|---|--|--|--|--|--------------------|-----|
| 7 | GW will maintain its efforts in offering and renewing Individual and Small Group products on the same basis as prior to the merger (assuming the same market, economic, and other conditions that currently exist). |  |  | In Compliance | X |  |  |  |  | Policy & Procedure | G36 |
|---|---|--|--|---------------|---|--|--|--|--|--------------------|-----|

|   |  |  |  |               |   |  |  |   |  |  |     |
|---|--|--|--|---------------|---|--|--|---|--|--|-----|
| 8 | BCC will maintain the following functions in California:<br>a Dental Director and Vision Director making clinical decisions and policy development<br>b Prior-authorization and referral system<br>c Enrollee grievance system (including appeals)<br>d Independent medical review process (including experimental treatment reviews)<br>e Provider dispute resolution process<br>f Accounting and finance activities and personnel<br>GW has notified the DMHC that it intends to use the Camarillo facility as its headquarters. |  |  | In Compliance | X |  |  |   |  | Oversight procedure established with Human Resources                   | G66 |
|   |  |  |  | In Compliance | X |  |  |   |  | Policy & Procedure   | G20 |
|   |  |  |  | In Compliance | X |  |  |   |  | Policy & Procedure   | G20 |
|   |  |  |  | In Compliance | X |  |  |   |  | Policy & Procedure   | G20 |
|   |  |  |  | N/A           |   |  |  | X |  | Standalone specialty plans are not required to maintain this function. |     |
|   |  |  |  | In Compliance | X |  |  |   |  | Policy & Procedure   | G20 |
|   |  |  |  | In Compliance | X |  |  |   |  | Policy & Procedure   | G20 |
|   |  |  |  | In Compliance |   |  |  | X |  |  |     |

|   |  |  |  |               |   |  |  |  |  |  |            |
|---|--|--|--|---------------|---|--|--|--|--|--|------------|
| 9 | GW will not remove its books and records from California (without permission from the DMHC). |  |  | In Compliance | X |  |  |  |  | * Oversight procedure established with Human Resources<br>* Policy & Procedure | G66<br>G20 |
|---|--|--|--|---------------|---|--|--|--|--|--|------------|

|    |   |  |  |               |   |  |  |  |  |                    |     |
|----|---|--|--|---------------|---|--|--|--|--|--------------------|-----|
| 10 | If the reimbursement rates or methodologies under its administrative services agreement with WellPoint or Anthem are changed, or if GW amends, changes, terminates, or replaces its agreement with WellPoint or Anthem, GW will file the changes with the DMHC. |  |  | In Compliance | X |  |  |  |  | Policy & Procedure | G40 |
|----|---|--|--|---------------|---|--|--|--|--|--------------------|-----|

|    |   |  |  |               |   |  |  |  |  |                    |     |
|----|---|--|--|---------------|---|--|--|--|--|--------------------|-----|
| 11 | If GW amends, changes, terminates or replaces its tax sharing agreements, GW will file the changes with the DMHC. |  |  | In Compliance | X |  |  |  |  | Policy & Procedure | G40 |
|----|---|--|--|---------------|---|--|--|--|--|--------------------|-----|

**DMHC Undertakings - Golden West**  
**Monthly Status Report**  
**November 2005**

| U/T # | Brief Description  | Responsible Officer | ELT Member | Status        | Verification of Compliance |                    |                     |     |                 | Description  | Doc Control # |
|-------|--|---------------------|------------|---------------|----------------------------|--------------------|---------------------|-----|-----------------|--|---------------|
|       |  |                     |            |               | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided |  |               |
| 12    | GW undertakes to participate in the "Investment in a Healthy California Program."  |                     |            | In Compliance |                            |                    |                     | X   |                 |  |               |
| 13    | GW will provide a written report to the DMHC at the end of each of the 3 years demonstrating compliance with all undertakings.   |                     |            | In Compliance |                            | X                  |                     |     |                 | 11/30/05 Annual Compliance Report filed 11/28/05       | G78           |
| 14    | GW will promptly pay for any costs arising from activities of the DMHC to verify and audit GW's compliance with the undertakings.  |                     |            | In Compliance | X                          |                    |                     |     |                 | Policy & Procedure                                     | G73           |
| 15    | GW recognizes that the undertakings shall be enforceable to the fullest extent including civil, criminal and administrative remedies.  |                     |            | In Compliance |                            |                    |                     | X   |                 |  |               |
| 16    | GW recognizes the concerns by the public and acknowledges grounds for disciplinary action by the Department should inappropriate actions occur.  |                     |            | In Compliance |                            |                    |                     | X   |                 |  |               |
| 17    | GW and Anthem will promptly provide the DMHC with copies of the written agreements of the executive officers of WellPoint and GW.  |                     |            | In Compliance |                            |                    | X                   |     |                 | Filed copies with DMHC in July 2003; refilled 2/11/05. | G6            |
| 18    | If requested, GW will provide to the Department reports regarding incurred-but-not-reported claim liabilities at the end of each quarter, certified by GW's independent accounting firm. These will have confidential treatment by the Department. |                     |            | In Compliance |                            |                    |                     | X   |                 |  |               |
| 19    | The undertakings will be subject to the following terms and conditions:  |                     |            | In Compliance |                            |                    |                     | X   |                 |  |               |
|       | a Binding effect   |                     |            |               |                            |                    |                     |     |                 |  |               |
|       | b Governing law  |                     |            |               |                            |                    |                     |     |                 |  |               |
|       | c Invalidity   |                     |            |               |                            |                    |                     |     |                 |  |               |
|       | d Duration   |                     |            |               |                            |                    |                     |     |                 |  |               |



**DMHC Undertakings - Golden West**  
**Monthly Status Report**  
**November 2005**

| U/T # | Brief Description   | Responsible Officer | ELT Member | Status        | Verification of Compliance |                    |                     |     |                 |             | Doc Control # |  |
|-------|---|---------------------|------------|---------------|----------------------------|--------------------|---------------------|-----|-----------------|-------------|---------------|--|
|       |   |                     |            |               | Policy or Procedure        | Work Plan/Schedule | Letter/Report Filed | N/A | No Doc Provided | Description |               |  |
| e     | Third party rights  |                     |            |               |                            |                    |                     |     |                 |             |               |  |
| f     | Amendment   |                     |            |               |                            |                    |                     |     |                 |             |               |  |
| g     | Assignment  |                     |            |               |                            |                    |                     |     |                 |             |               |  |
| h     | Specific performance  |                     |            |               |                            |                    |                     |     |                 |             |               |  |
| 20    | In addition to these undertakings, BCC reasserts and reaffirms to abide by all undertakings in existence prior to the execution of this document. |                     |            | In Compliance |                            |                    |                     | X   |                 |             |               |  |